



Senate

General Assembly

January Session, 2001

File No. 157

Senate Bill No. 1278

Senate, April 9, 2001

The Committee on Human Services reported through SEN. HANDLEY of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT REQUIRING MANAGED CARE ORGANIZATIONS PROVIDING SERVICES TO MEDICAID RECIPIENTS TO BE ACCOUNTABLE TO THE DEPARTMENT OF SOCIAL SERVICES AND TO THE PUBLIC WITH RESPECT TO SUBCONTRACTED SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (a) On and after July 1, 2001, each Medicaid
- 2 managed care plan shall submit a report to the Commissioner of Social
- 3 Services and to the Medicaid Managed Care Council, on a quarterly
- 4 basis, which details the proportion and amount of its monthly
- 5 payment received from the Department of Social Services that has been
- 6 paid to managed care subcontractors which are required by
- 7 subcontract to make payment directly to behavioral health, dental
- 8 health, vision care or any other health care providers for services
- 9 provided to the plan's enrollees. In each such report, the Medicaid
- 10 managed care plan shall state, for each such subcontractor (1) the
- 11 amount of its payments to the subcontractor, (2) the portion of such
- 12 payments which were paid to providers of health services, and (3) the

13 portion of such payments which were used for administrative costs
14 and profits of the subcontractor. Such reports shall be made available
15 to the public.

16 (b) Each Medicaid managed care plan shall submit an annual report
17 to the Commissioner of Social Services and to the Medicaid Managed
18 Care Council on the specific system of payment used with each of its
19 managed care subcontractors, which report shall identify the types and
20 purposes of any incentive payments made, or payments withheld, in
21 conjunction with its contracts with such subcontractors during each
22 such period. Such reports shall be made available to the public.

23 (c) On and after July 1, 2001, all Medicaid managed care plans shall
24 require through contracts approved by the Department of Social
25 Services that each of its subcontractors provide the full extent of health
26 services which the plan is required to provide to Medicaid recipients
27 for each category of services covered by the subcontract.

28 (d) All notices of action regarding a termination, suspension,
29 reduction, denial or partial denial of services by a Medicaid managed
30 care plan or by one of its managed care subcontractors, including all
31 notices concerning an approval of less than the amount, duration,
32 scope or frequency of services requested, shall be issued to the
33 Medicaid recipient directly by the Department of Social Services or by
34 the Medicaid managed care plan, and may not be issued by a managed
35 care subcontractor or provider.

36 Sec. 2. This act shall take effect July 1, 2001.

HS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Potential Minimal Cost

Affected Agencies: Department of Social Services

Municipal Impact: None

Explanation**State Impact:**

This bill requires that Medicaid managed care plans report certain information to the Department of Social Services (DSS) on a quarterly and annual basis. This will result in additional administrative costs to the plans, but these costs are expected to be minimal. To the extent that any of these costs are passed on to the department through the future rates set for Medicaid managed care, a minimal cost may result.

This bill also requires all subcontractors for Medicaid managed care to provide the full extent of health services that the plan is required to provide. The Medicaid managed care rates that DSS currently has in place already include payment for the full range of covered services under Medicaid. Therefore, any additional costs that result from this provision will be borne by the managed care plans and cannot be passed through to the state through the rate structure.

OLR BILL ANALYSIS

SB 1278

AN ACT REQUIRING MANAGED CARE ORGANIZATIONS PROVIDING SERVICES TO MEDICAID RECIPIENTS TO BE ACCOUNTABLE TO THE DEPARTMENT OF SOCIAL SERVICES AND TO THE PUBLIC WITH RESPECT TO SUBCONTRACTED SERVICES.**SUMMARY:**

This bill allows only the Department of Social Services (DSS) or managed care organizations (MCOs) with whom DSS contracts under the Medicaid Managed Care (MMC) program to provide notices of adverse actions. It explicitly prohibits MMC subcontractors and providers from issuing these notices.

The bill requires all MCOs (1) participating in the program and (2) paying subcontractors to provide services to report certain financial information to DSS and the MMC Council. These reports must be made available to the public.

It also requires these MCOs, through contracts that DSS approves, to require their subcontractors, for each category of services the subcontractors provide (e.g., behavioral health), to offer the full extent of health services that the MCO is responsible for providing.

EFFECTIVE DATE: July 1, 2001

MEDICAID MANAGED CARE***Adverse Notice***

When an MCO or one of its subcontractors intends to terminate, suspend, reduce, deny, or deny part of a Medicaid recipient's coverage, the bill allows only DSS or the MCO to issue notices of these actions. This includes all notices concerning an approval of less than

the amount, scope, or duration that the recipient has requested. Subcontractors may not issue these notices.

MCO Reporting

The bill requires each MCO to submit an annual report to DSS and the MMC Council on the specific payment system it uses with each of its subcontractors. The report must identify the types and purposes of any incentive payments made, or payments withheld, and it must be made available to the public.

Beginning July 1, 2001, the bill requires each MCO, to submit a quarterly report to DSS and the MMC Council detailing the proportion and amount of its monthly DSS payment made to each subcontractor that pays behavioral health, dental, vision care, and any other health care providers directly for their services. The MCO must report the portion of this amount the subcontractor (1) paid to health care providers and (2) used for administrative expenses and profits.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Report

Yea 14 Nay 0